

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to amending the previously approved Term Sheet for the direct sale of City-owned property to Celebrity Realty Holdings, LLC.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the amended Term Sheet for the direct sale of the City-owned property located at 703 and 703 1/2 West 40th Place (also known as 704-706 West Martin Luther King Jr. Boulevard) to Celebrity Realty Holdings, LLC, as detailed in the Economic and Workforce Development Department (EWDD) report to Council dated February 9, 2017.
2. AUTHORIZE the execution of the Grant Deed and Covenant Agreement based on the amended Term Sheet.

Fiscal Impact Statement: None submitted by the EWDD. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

## SUMMARY

In a report to Council dated February 9, 2017, EWDD recommends approval of the amended Term Sheet for the direct sale of the City-owned property located at 703 and 703 1/2 West 40th Place to Celebrity Realty Holdings, LLC, and requests authority to execute the related Grant Deed and Covenant Agreement.

EWDD reports that on January 30, 2017, Celebrity Realty Holdings, LLC, expressed the need to clarify and modify the Term Sheet and Sale of Property - Amended Term Sheet transactional documents to effectuate the conveyance of the property to the developer. The Term Sheet clarifications and modifications are as follows:

- Honda currently employs approximately 160 employees at its current site, of which only 69 qualify as living wage jobs.
- Honda will create and maintain new living wage jobs at the new dealership site that, in the aggregate, will constitute 50 job years in any 5 of the first 10 years of operation. A job year is the creation of one new job for one year, Honda will be required to create and maintain at least 10 jobs for 5 years.
- If the dealership fails to produce the required jobs, the developer (Celebrity Realty Holdings, LLC) will be subject to the imposition of liquidated damages.
- The transfer of the property to a new dealership entity is a permitted transfer if the new entity is approved by the automobile manufacturer and agrees to be bound by the terms of the covenant agreement.

At its meeting held February 14, 2017, the Economic Development Committee recommended that Council approve EWDD's recommendations.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
O'FARRELL:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**